

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

September 6, 2000

IN RE:

**DISCOUNT COMMUNICATIONS
COMPLAINT AGAINST BELL SOUTH
TELECOMMUNICATIONS, INC.**

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DOCKET NO. 00-00230

DISSENTING OPINION

I support the Authority's decision to enforce the terms of the current resale agreement between BellSouth Telecommunications, Inc. ("BellSouth") and Discount Communications with respect to the provision of directory assistance. I must dissent, however, from the majority's decision against requiring BellSouth to pass the \$3.50 state Lifeline subsidy along to resellers, and ultimately, to eligible customers of resellers in Tennessee.

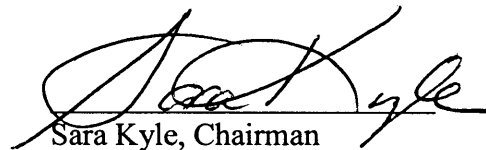
First and foremost, BellSouth's retail rates are slightly higher in order to generate the state Lifeline credit for eligible customers. The \$3.50 subsidy has been built into BellSouth's rates since the company's 1993 rate case. At that time, BellSouth was a monopoly provider, so the cost of the program was borne by the entire customer base of the incumbent local exchange carrier (ILEC). With only slight changes made to BellSouth's ratebase since the 1993 case, the ILEC's current customers continue to contribute to this program.

Resellers also contribute to the cost of the Lifeline program. The wholesale rate a reseller pays to BellSouth is based on the aforementioned "slightly-higher" retail rate. With the Lifeline subsidy built into that retail rate, customers of every reseller are also paying a share of the costs to support Lifeline.

Secondly, I believe BellSouth is in violation of the Telecommunications Act of 1996, current rules, and the terms of its current resale agreement by refusing to pass through or credit resellers for the \$3.50 state Lifeline subsidy. Under the federal Telecommunications Act, ILEC's must offer for resale at the wholesale rate, any telecommunications service that the ILEC provides at retail to subscribers.¹ Lifeline is a service BellSouth offers eligible subscribers.

Federal Communication Commission rules state that ILECs must provide services for resale that are equal in quality and "subject to the same conditions" as the services they offer.² Finally, under the current resale agreement between Discount Communications and BellSouth, the ILEC is to provide resold services "subject to the same terms and conditions" as BellSouth provides to end users according to its tariffs.³

Respectfully yours,



Sara Kyle, Chairman

ATTEST:



K. David Waddell, Executive Secretary

¹ 47 U.S.C. § 251 (c)(4)(A)

² Local Competition Order (FCC Docket 96-325, issued August 1996).

³ Section IV B of the resale agreement between Discount Communications and BellSouth.